

Article - Public Utilities

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§7–505.

(a) (1) In assessing and approving each electric company's restructuring plan, and overseeing the transition process and regulation of the restructured electric industry, the Commission shall provide that the transition to a competitive electricity supply and electricity supply services market shall be orderly, maintain electric system reliability, and ensure compliance with federal and State environmental regulations, be fair to customers, electric company investors, customers of municipal electric utilities, electric companies, and electricity suppliers, and provide economic benefits to all customer classes.

(2) The Commission shall consider the restructuring plans of municipal electric utilities, as specified under § 7–510 of this subtitle.

(b) (1) The Commission shall issue the orders or adopt the regulations required under this subsection before the implementation of customer choice.

(2) The Commission shall order a universal service program, to be made available on a statewide basis, to benefit low-income customers, in accordance with § 7–512.1 of this subtitle.

(3) The Commission shall order an electric company to adopt policies and practices reasonably designed to prevent:

(i) discrimination against a person, locality, or particular class of service or giving undue or unreasonable preference in favor of the electric company's own electricity supply, other services, divisions, or affiliates, if any; and

(ii) any other forms of self-dealing or practices that could result in noncompetitive electricity prices to customers.

(4) (i) The Commission shall, by regulation or order, require each electric company and electricity supplier to provide adequate and accurate information to each customer on the available electric services of the electric company or electricity supplier, including disclosure, every 6 months, of a uniform common set of information about:

1. the fuel mix of the electricity purchased by customers, including categories of electricity from coal, natural gas, nuclear, oil,

hydroelectric, solar, biomass, wind, and other resources, or disclosure of a regional fuel mix average; and

2. the emissions, on a pound per megawatt–hour basis, of pollutants identified by the Commission, or disclosure of a regional fuel mix average.

(ii) The Commission may require an electric company or an electricity supplier to provide documentation supporting the disclosures required under subparagraph (i) of this paragraph.

(5) (i) The Commission shall, by regulation or order, require the unbundling of electric company rates, charges, and services into standardized categories determined by the Commission.

(ii) The Commission shall, by regulation or order, require that customers' bills for electricity service indicate charges for:

1. distribution and transmission;
2. transition charge or credit;
3. universal service program charges;
4. customer charges;
5. taxes; and
6. other charges identified by the Commission.

(6) The Commission shall issue orders or regulations to prevent an electric company and an electricity supplier from disclosing a retail electric customer's billing, payment, and credit information without the retail electric customer's consent, except as allowed by the Commission for bill collection or credit rating reporting purposes.

(7) An electricity supplier may not engage in marketing, advertising, or trade practices that are unfair, false, misleading, or deceptive.

(8) The Commission shall determine the terms, conditions, and rates of standard offer service in accordance with:

- (i) Title 4 of this article; or

(ii) as applicable, § 7–510(c)(4) of this subtitle.

(9) In connection with § 7–513 of this subtitle, the Commission may not require an electric company to divest itself of a generation asset or prohibit an electric company from divesting itself voluntarily of a generation asset.

(10) (i) On or before July 1, 2000, the Commission shall issue orders or adopt regulations reasonably designed to ensure the creation of competitive electricity supply and electricity supply services markets, with appropriate customer safeguards.

(ii) On or before July 1, 2000, the Commission shall require:

1. an appropriate code of conduct between the electric company and an affiliate providing electricity supply and electricity supply services in the State;

2. access by electricity suppliers and customers to the electric company's transmission and distribution system on a nondiscriminatory basis;

3. appropriate complaint and enforcement procedures;
and

4. any other safeguards deemed necessary by the Commission to ensure the creation and maintenance of a competitive electricity supply and electricity supply services market.

(iii) On or before July 1, 2000, the Commission shall require, among other factors, functional, operational, structural, or legal separation between the electric company's regulated businesses and its nonregulated businesses or nonregulated affiliates.

(11) Nothing in this title may be construed as preventing the application of State and federal consumer protection and antitrust laws to electric companies and their affiliates, and to electricity suppliers.

(12) The Commission, in consultation with the Department of the Environment, shall adopt appropriate measures to maintain environmental standards, adapt existing programs, and develop new programs as appropriate to ensure compliance with federal and State environmental protection standards.

(13) (i) An electric company shall comply with all requirements of the Commission in conducting regulated operations in compliance with this division.

(ii) The Commission shall require each electric company to adopt a code of conduct to be approved by the Commission by a date to be determined by the Commission to prevent regulated service customers from subsidizing the services of unregulated businesses or affiliates of the electric company.

(c) (1) Notwithstanding any other provision of law, including subsection (d) of this section, the Commission may regulate the regulated services of an electric company through alternative forms of regulation.

(2) The Commission may adopt an alternative form of regulation under this section if the Commission finds, after notice and hearing, that the alternative form of regulation:

- (i) protects consumers;
- (ii) ensures the quality, availability, and reliability of regulated electric services; and
- (iii) is in the interest of the public, including shareholders of the electric company.

(3) Alternative forms of regulation may include:

- (i) price regulation, including price freezes or caps;
- (ii) revenue regulation;
- (iii) ranges of authorized return;
- (iv) rate of return;
- (v) categories of services; or
- (vi) price-indexing.

(d) (1) The Commission shall cap, for 4 years after initial implementation of customer choice in the electric company's distribution territory, the total of the rates of an electric company charged to a retail electric customer at the actual level of the rates in effect or authorized by the Commission on the date immediately preceding the initial implementation of customer choice in the electric company's distribution territory.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, the cap required under paragraph (1) of this subsection does not apply to the recovery of costs added after January 1, 2000, in accordance with § 7–512(c) of this subtitle.

(ii) The cap required under paragraph (1) of this subsection applies to the recovery of:

1. any transition costs under § 7–513 of this subtitle;
2. any costs included in rates on January 1, 2000, in accordance with § 7–512(c) of this subtitle; and
3. costs for the universal service program established under § 7–512.1 of this subtitle.

(3) As part of a settlement, the Commission may approve a cap for a different time period or an alternative price protection plan that the Commission determines is equally protective of ratepayers.

(4) (i) 1. Subject to the provisions of paragraph (5) of this subsection, the Commission shall reduce residential rates for each investor-owned electric company by an amount between 3% and 7.5% of base rates, as measured on June 30, 1999.

2. The reduction required under subparagraph 1 of this subparagraph shall begin on the initial implementation date and remain in effect for 4 years.

3. The Commission shall determine the allocation of the rate reduction among the generation, transmission, and distribution residential rate components.

(ii) In achieving the rate reduction required under subparagraph (i) of this paragraph, the Commission shall consider:

1. the expiration of any surcharge;
2. changes in the electric company's tax liability;
3. cost of service determinations ordered by the Commission;
4. net transition costs or benefits;

5. the effect on the competitive electricity supply market;

6. whether the rate reduction and rate cap will unduly impair the electric company's financial condition;

7. the costs associated with the universal service program; and

8. the interests of the public, including shareholders of the electric company.

(iii) The Commission may, within the parameters provided in subparagraph (i) of this paragraph, increase or decrease the actual rate reduction required.

(iv) The Commission may allow the recovery of any extraordinary costs based on the circumstances of an individual electric company if the Commission determines that the action is necessary and in the public interest.

(v) In determining the rate reduction required under subparagraph (i) of this paragraph, the Commission may not increase rates for nonresidential customers.

(5) The requirements of paragraph (4) of this subsection do not apply to an electric company if the Commission approves or has in effect a settlement that the Commission determines is equally protective of ratepayers.

(e) (1) The Commission shall assess the amount of electricity generated in Maryland as well as the amount of electricity imported from other states in order to determine whether a sufficient supply of electricity is available to customers in the State.

(2) On or before January 1 in 2001, 2003, 2005, and 2007, the Commission shall report to the General Assembly in accordance with § 2-1246 of the State Government Article on its assessment under this subsection, and any recommendations for legislation which may be needed to ensure an adequate supply of electricity for customers in the State.

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